

S T A T E O F M I C H I G A N
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
BGS KIMBALL GAS STORAGE, LLC,)	Case No. U-18226
for authority to withdraw its intrastate tariff.)	
_____)	

At the January 31, 2017 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachael A. Eubanks, Commissioner

OPINION AND ORDER

On January 3, 2017, BGS Kimball Gas Storage, LLC (BGS Kimball) filed an application for *ex parte* approval of its request to withdraw its intrastate tariff (Kimball tariff) and the BGS Kimball rate book filed with the Commission, and the removal of both from the Commission's website.

The Kimball 27 Gas facility is an underground Niagaran gas reservoir storage facility located in Kimball Township, St. Clair County (Kimball 27 storage facility). On November 19, 1999, BGS Kimball's predecessor in interest, WPS-ESI Gas Storage, LLC (WPS-ESI) filed an application in Case No. U-12209, pursuant to the provisions of Section 2 of 1923 PA 238, as amended, MCL 486.252, for a certificate of public convenience and necessity to acquire, construct, own, and operate the proposed Kimball 27 storage facility. On February 22, 2000, the Commission issued an order approving a settlement agreement in Case No. U-12209 allowing

WPS-ESI to acquire, construct, own, and operate the Kimball 27 storage facility. Attached to the Commission-approved settlement agreement in Case No. U-12209 was a proposed tariff relating to intrastate service which was approved by the Commission. WPS-ESI began storage operations in October 2001.

On March 11, 2004, WPS-ESI filed an application with the Federal Energy Regulatory Commission (FERC) for a blanket certificate of public convenience and necessity pursuant to Section 7(c) of the Natural Gas Act (NGA), 15 USC 717f(c)(1)(A), and Section 284.224 of the FERC's regulations, 18 CFR 284.224, authorizing certain interstate service, including a request for approval to charge market-based rates for its gas storage services. On July 13, 2004, the FERC issued its order¹ granting a blanket certificate of public convenience and necessity pursuant to Section 7(c) of the NGA and Section 284.224 of the FERC's regulations authorizing interstate service and to charge market-based rates.

On May 26, 2006, BGS Kimball, the present owner of the Kimball 27 storage facility, sought authority in FERC Docket No. CP06-350-000 to abandon its limited jurisdiction blanket transportation certificate under Section 284.224, its predecessor, WPS-ESI, received from the FERC on July 13, 2004. Likewise on May 26, 2006, Bluewater Gas Storage, LLC (Bluewater LLC) filed an application, pursuant to Section 7(c) of the NGA and Part 157 of the FERC's regulations, 18 CFR Part 157, seeking a certificate of public convenience and necessity authorizing market-based rates and operation of existing natural gas storage and associated pipeline facilities under the NGA. The application included the Kimball 27 storage facility that Bluewater LLC leased from BGS Kimball.

¹ *WPS-ESI Gas Storage, LLC*, 108 FERC ¶ 61,061 (2004).

On October 27, 2006, the FERC issued an order² in response to the application of BGS Kimball and Bluewater LLC, granting BGS Kimball's abandonment request, concluding that combining the Kimball 27 storage facility and the Bluewater LLC Columbus 3 storage facility as an integrated storage project would be an efficient way to bring additional storage capacity to the interstate market. The FERC further authorized Bluewater LLC's request for market-based rates and operation of the integrated storage project as a FERC jurisdictional facility.

Upon Bluewater Natural Gas Holding, LLC's acquisition of WPS-ESI, the single arrangement under which a third-party stored gas in the Kimball 27 storage facility was terminated. There are no customers receiving service under the BGS Kimball rate book and the Kimball tariff.

The Commission finds that BGS Kimball's application seeking *ex parte* approval of its request to withdraw its intrastate tariff and rate book is reasonable and in the public interest, and therefore should be approved. Further, because no customers are currently taking service under the Kimball tariff and no customers' rates will increase as a result of the approval, the Commission concludes that *ex parte* approval is appropriate.

THEREFORE, IT IS ORDERED that BGS Gas Kimball Storage, LLC's request that its intrastate Kimball tariff and BGS Kimball rate book be withdrawn is approved, and the BGS Kimball rate book and Kimball tariff shall be removed from the Commission's website.

² *BGS Kimball Gas Storage, LLC and Bluewater Gas Storage, LLC*, 117 FERC ¶ 61,122 (2006).

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so by the filing of a claim of appeal in the Michigan Court of Appeals within 30 days of the issuance of this order, under MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at mpscdockets@michigan.gov and to the Michigan Department of the Attorney General - Public Service Division at pungpl@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of January 31, 2017.

Kavita Kale, Executive Secretary